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DIRECTORATE OF INTELLIGENCE

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China: Thinking About a New Succession Package

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Deng Xiaoping seems to have had second thoughts about the succession arrangements he has put in place over the past five years. Party General Secretary Hu Yaobang and Premier Zhao Ziyang, once slated to lead China into the post-Deng period, now may resign their posts as early as September at a national conference of party delegates. In June, Zhao disclaimed any plans for a top leadership shakeup. Still, the reports persist, package:

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- Hu will take Deng's place as Chairman of the party Military Commission, and Zhao will replace Li Xiannian as state President.
- Hu Qili, a Hu Yaobang protege, is to be promoted to General Secretary, while Vice Premier Li Peng is slated for the premiership.
- Deng will retain his post as head of the Central Advisory Commission (CAC), presumably to be joined there by several Politburo elders who have opposed aspects of Deng's reform program.

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The apparently altered succession arrangements probably are Deng's response to mounting political pressure, although he may be accelerating plans he formulated some time ago:

This memorandum was prepared by [redacted] Domestic Policy Branch, China Division, Office of East Asian Analysis. Comments and questions are welcome and should be addressed to the Chief, China Division on [redacted]

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- Party conservatives have criticized Deng's reforms for producing undesirable sideeffects--inflation, capital construction cost overruns, and widespread official corruption.
- Hu and Zhao, as the most conspicuous proponents of reform below Deng, have drawn fire for the economic problems.
- Hu may now be a political liability to Deng. His provocative political style and his advocacy of extreme reformist positions tend to overshadow the policies themselves, and his aggressive partisanship has provoked the anger of party elders. [redacted]

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Whatever the mix of pressures on Deng, he nevertheless can present, in conventional reformist terms, a compelling case for changing the succession lineup, and thus make a virtue of necessity:

- Hu and Zhao are both close to 70, and Deng may reason that Hu Qili and Li Peng, both 56, will provide policy continuity well into the post-Deng period.
- The new package distributes succession powers among four mutually reinforcing top positions rather than allowing only two men to bear full responsibility.
- Deng may calculate that appointing Hu Yaobang to the Military Commission will be a step toward strengthening civilian control of the military, and that keeping the post out of the General Secretary's hands will meet potential objections that Hu would hold too much power if he had both jobs.
- Deng almost certainly has drawn lessons from the spectacle of Soviet succession, during which major Soviet strategic gains of the 1970s were eroded under the unsteady leadership of three successive ailing general secretaries.
- The changes may help institutionalize a regular system of leadership retirement based on specific age limits.
- Hu Qili and Li Peng are models of the relatively youthful leaders Deng has sought to cultivate since the 1982 Party Congress--solid party men with college educations--and their promotions will demonstrate the seriousness of Beijing's intent. [redacted]

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Packaging, selling, and implementing a new succession lineup will pose some tricky problems for Deng:

- Timing and Signals. In our view, it would be difficult for Beijing to manage a transition this year without appearing to have retreated under political pressure and sending all the wrong signals to the bureaucracy and foreign observers. The 13th Party Congress, scheduled for 1987, remains the best place to effect an orderly transfer of power.
- Status. A new party pecking order must be sorted out: Although Hu Yaobang and Zhao will remain powerful figures, they will be viewed as having been demoted. This in turn may reduce their political credibility, a key concern especially for Hu, who must attempt to lead a military establishment already reluctant to follow him.
- Continuing Controversy. Available evidence suggests that Hu's appointment to chair the Military Commission remains controversial, even though it has been under consideration since 1980. It is difficult to pinpoint a locus of opposition to Hu, but if the overall package unravels, it may be over this issue.
- Li Peng. Although Li's record is solidly pro-reform, some reporting associates him closely with Chen Yun and Yao Yilin. If true, this will reinforce the impression that Zhao was fired under duress and may raise questions about the future course of reform in China.
- Peng Zhen. As Chairman of the National People's Congress (NPC) Standing Committee, Peng is the odd man out--all top positions except his appear slated for change. However, Secretariat member and NPC Vice Chairman Chen Pixian has been groomed for Peng's post, and his promotion may be part of the overall package.

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Prospects. All indications are that Deng will seek to have the new arrangements endorsed in September. The turnover may not be implemented immediately, however. Public announcements may be stretched out over time. Moreover, high appointments typically require the appropriate procedural venue for formal endorsement and announcement: a party plenum or a session of the NPC.

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A revised succession package may be the price Deng has paid to lure the party old guard into retirement:

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- Deng probably expects Li Xiannian and Peng Zhen to join him on the CAC, but only Deng will remain a Politburo Standing Committee member. If Li and Peng retire, Deng probably calculates that party elder Chen Yun will also be pressured to leave the Standing Committee and join the CAC.
- In the past, however, similar political deals have fallen through following last minute reconsiderations. The new package will not be clinched until the public announcements. [redacted]
- In seeking to institutionalize his reforms in the face of political opposition, Deng will continue to have Hu Yaobang and Zhao Ziyang in strong supporting roles. Both men will remain members of the Politburo Standing Committee--Hu by provision of the party constitution, and Zhao because of the prestige of the Presidency--and will be powerful voices for policy continuity through the transition period.

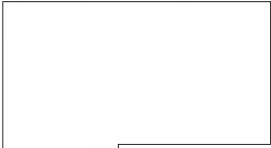
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